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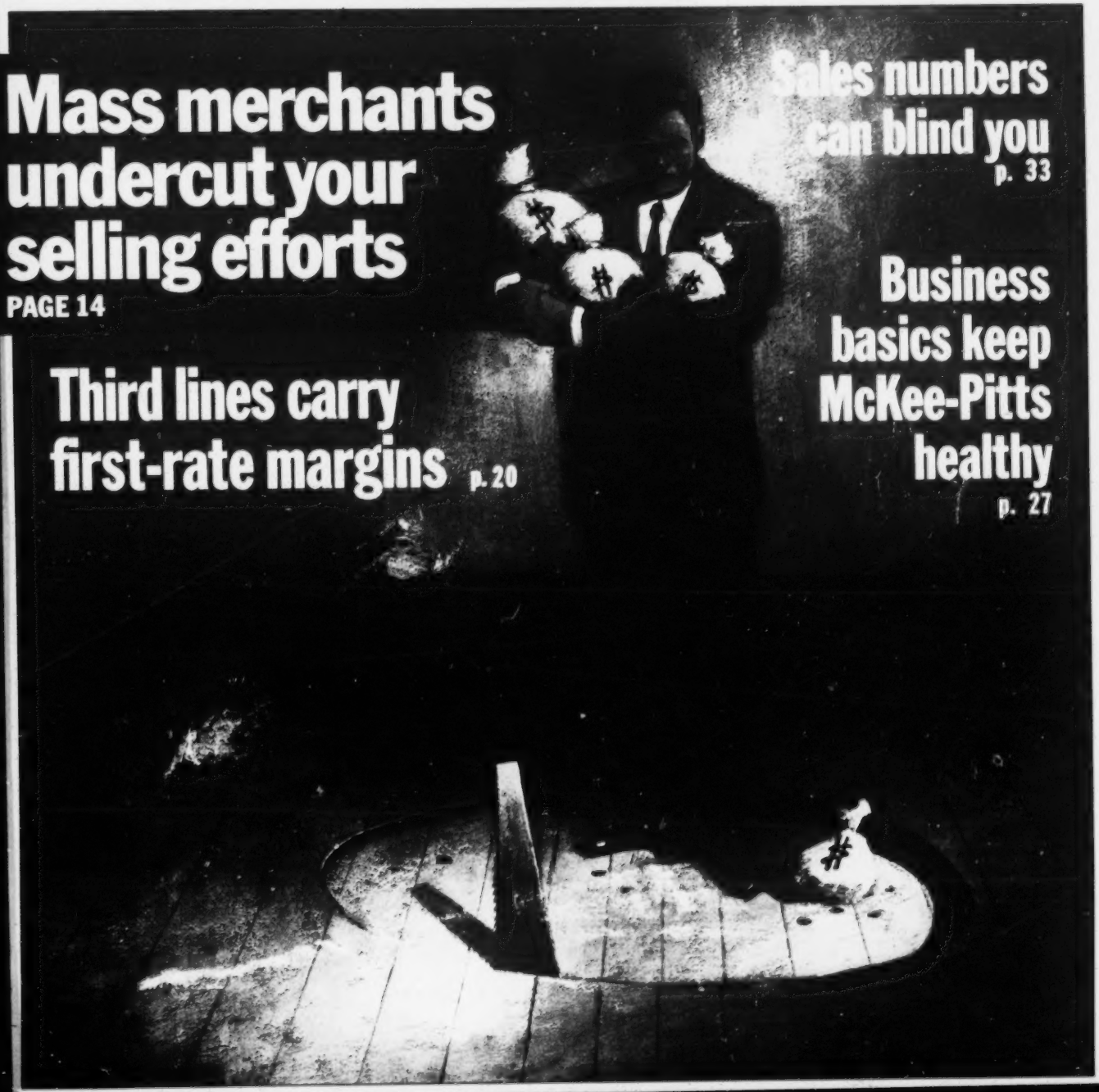
EXCLUSIVE
Nominate 25 top small distributors p. 49

INDUSTRIAL DISTRIBUTION

THE MANAGEMENT AND SALES MAGAZINE FOR DISTRIBUTORS



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By Susan E. Farris

Electronic component orders up

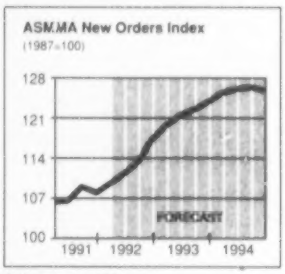
Expect these strong gains to carry over into the manufacturing sector.

Reports that the nation's largest electronic distributors would see languid growth in shipments and orders last year did not come true. Unlike previous recessions when electronic distributors experienced severe declines, they weathered this past recession. Last year, orders and shipments placed through distributors rose 4.7 and 4.3% respectively. Even more encouraging news came from Cahners Publishing's survey of the top 100 electronic distributors. According to the survey, sales by the top 100 distributors increased 11.8%, from $8.5 billion in 1990 to $9.5 billion in 1991.

This year started off with a bang. According to data from the National Electronic Distributors Assn. (NEDA), new orders surged an estimated 15.6% in the first half of 1992 above the previous year's level, the biggest increase over a six-month reporting period since 1990. Distributor orders are forecast to rise 16.7% in 1992 and a further 13.5% by 1993. Electronic distributors' shipments also rose in the first six months of 1992, albeit at a more modest 10.7% growth rate. Expect shipments to rise 12% on average both this year and next.

This robust growth did not come as a surprise. More often than not, distributors see stronger gains during an expansionary period than manufacturers do. While first-half 1992 orders for electronic components are trailing the year-ago level by 1.1%, they are expected to post growth of 3.1% for the year. By 1993 look for orders of components to surge 10.5%. Electronic component sales are expected to enjoy increases of 5.1 and 11.5% in 1992 and 1993, respectively. This will translate into solid growth for electronic distributors.

Although buying directly from a manufacturer may have a price advantage, distributors offer services buyers cannot receive from the manufacturer. Electronic distributors providing greater flexibility in scheduling and technical support will be the survivors in the 1990s. For electronic component and equipment manufacturers, the distributor data are more than just eye-opening. Distributors are a leading indicator for the rest of the electronic industry, so start preparing for the next recovery.



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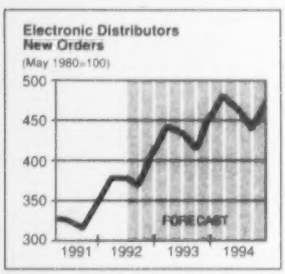

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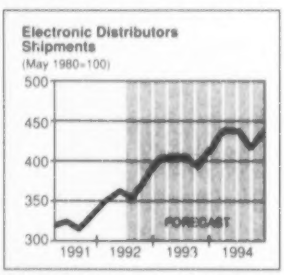

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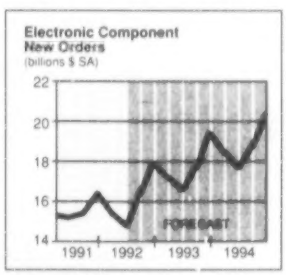

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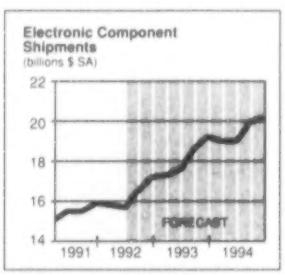

Data source: Department of Commerce
Forecast source: Cahners Economics

I.D.A. REPORT

SALES (1990=100)	June 1992	May 1992	June '92 vs. June '91 % change
TOTAL	102.2	96.5	+5.6
EAST	98.1	92.8	−11.9
SOUTH	107.7	102.2	+6.7
CENTRAL	102.1	97.3	+16.1
WEST	98.6	90.7	+7.2